



DEPARTMENT OF
FINANCE
OFFICE OF THE DIRECTOR

STATE CAPITOL ■ ROOM 1145 ■ SACRAMENTO CA ■



January 10, 2003

Dear Governor:

As Director of Finance, I submit to you the 2003-04 Governor's Budget.

Over the past four years, your budgets have made great strides in improving education, protecting public safety, expanding access to health care, and providing significant tax relief. Now, California faces a significant challenge brought on by declining revenues.

This budget addresses California's fiscal crisis by proposing a budget that is balanced both in fiscal terms and in terms of the solutions to bridge the gap. It also strives for efficiency in the delivery of services, including elimination of obsolete programs, elimination of duplication of services, and realignment of program responsibility and funding to local government.

Lastly, the Budget attempts to protect essential programs and core services from significant reductions. In particular, the Budget protects health coverage for children, public safety, and classroom instruction in K-12 education and higher education.

I wish to convey my heartfelt respect for the staff of the Department of Finance and my thanks to their families. This Budget represents countless hours of effort on their part. The staff's dedication to you and the people of this State is unparalleled. It has been an honor to work with them.

I also wish to thank you for the privilege of serving you for the last four years and wish you well in the challenging year ahead.

Sincerely,

B. Timothy Gage
Director